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Robert W. Haga  
Director -  
Government Relations

January 21, 1998

Ms. Magalie Roman Salas  
Secretary  
Federal Communications Commission  
1919 M Street, N.W. - Room 222  
Washington, D.C. 20554

RECEIVED

JAN 21 1998

FEDERAL COMMUNICATIONS COMMISSION  
OFFICE OF THE SECRETARY

Re: Notice of Ex Parte Presentation, In the Matter of the  
Universal Service Joint Board, **CC Docket No. 96-45**

Dear Ms. Salas:

On January 20, 1998, John Ricker, Director of USF and Support Programs, met with Lori Wright and Diane Law of the Universal Service Branch, and Larry Povich of the Industry Analysis Division.

The purpose of the meeting was to review USAC's plans and procedures for the administration of the Low Income Programs. The attached documents were handed out during the meeting. The first document provides a process description for managing the administration of the revised Low Income Programs and a sample worksheet for carriers to report actual discounts provided by carriers. The second document provides an outline of the Low Income plans adopted in every state or equivalent jurisdiction.

In accordance with Commission rules I am submitting two copies of this notice to the Office of the Secretary. Please acknowledge receipt hereof by affixing a notation on a duplicate copy of this letter furnished herewith for such purposes and remitting same to the bearer.

Sincerely,

Robert Haga

Attachments

cc: Lori Wright  
Diane Law  
Larry Povich

No. of Copies rec'd  
List A B C D E

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LOW INCOME FUND BY STATE INFORMATION				
STATE	BASIC	OPTIONAL	STATE MATCHING	FEDERAL MATCHING
ALABAMA	\$3.50	\$1.75	\$3.50	\$1.75
ALASKA	\$3.50	\$1.75	ATU ONLY, \$3.50	\$1.75
ARIZONA	\$3.50	\$1.75	US WEST ONLY, \$2.28	\$1.14
ARKANSAS	\$3.50	\$1.75	No	-
CALIFORNIA	\$3.50	\$1.75	VARIES BY CQ, BY EXCHANGE	WILL VARY
COLORADO	\$3.50	\$1.75	VARIES BY CO	
CONNECTICUT	\$3.50	\$1.75	\$3.50	\$1.75
DELAWARE	\$3.50	\$1.75	No	-
DISTRICT OF COLUMBIA	\$3.50	\$1.75	No	-
FLORIDA	\$3.50	\$1.75	\$2.34	\$1.17
GEORGIA	\$3.50	\$1.75	No	-
GUAM	\$3.50	\$1.75	No	-
HAWAII	\$3.50	\$1.75	No	-
IDAHO	\$3.50	\$1.75	\$3.50	\$1.75
ILLINOIS	\$3.50	\$1.75	No	-
INDIANA	\$3.50	\$1.75	No	-
IOWA	\$3.50	\$1.75	No	-
KANSAS	\$3.50	\$1.75	\$1.43*	\$0.72
KENTUCKY	\$3.50	\$1.75	No	-
LOUISIANA	\$3.50	\$1.75	No	-
MAINE	\$3.50	\$1.75	\$3.50	\$1.75
MARYLAND	\$3.50	\$1.75	\$3.50	\$1.75

LOW INCOME FUND BY STATE INFORMATION				
STATE	BASIC	OPTIONAL	STATE MATCHING	FEDERAL MATCHING
MASSACHUSETTS	\$3.50	\$1.75	\$3.50	\$1.75
MICHIGAN	\$3.50	\$1.75	\$2.00	\$1.00
MINNESOTA	\$3.50	\$1.75	No	-
MICRONESIA	\$3.50	\$1.75	No	-
MISSISSIPPI	\$3.50	\$1.75	No	-
MISSOURI	\$3.50	\$1.75	No	-
MONTANA	\$3.50	\$1.75	\$3.50	\$1.75
NEBRASKA	\$3.50	\$1.75	No	-
NEVADA	\$3.50	\$1.75	VARIES BY CO	WILL VARY
NEW HAMPSHIRE	\$3.50	\$1.75	No	-
NEW JERSEY	\$3.50	\$1.75	No	-
NEW MEXICO	\$3.50	\$1.75	\$3.50	\$1.75
NEW YORK	\$3.50	\$1.75	VARIES BY CO	VARIES BY CO
NORTH CAROLINA	\$3.50	\$1.75	\$3.50	\$1.75
NORTH DAKOTA	\$3.50	\$1.75	VARIES BY CO	WILL VARY
OHIO	\$3.50	\$1.75	VARIES BY CO	WILL VARY
OKLAHOMA	\$3.50	\$1.75	\$1.17	\$0.58
OREGON	\$3.50	\$1.75	\$3.50	\$1.75
PENNSYLVANIA	\$3.50	\$1.75	No	-
PUERTO RICO	\$3.50	\$1.75	No	-
RHODE ISLAND	\$3.50	\$1.75	IN PROCESS	
SOUTH CAROLINA	\$3.50	\$1.75	**	**
SOUTH DAKOTA	\$3.50	\$1.75	No	-
TENNESSEE	\$3.50	\$1.75	\$3.50	\$1.75

<b>LOW INCOME FUND BY STATE INFORMATION</b>				
<b>STATE</b>	<b>BASIC</b>	<b>OPTIONAL</b>	<b>STATE MATCHING</b>	<b>FEDERAL MATCHING</b>
TEXAS	\$3.50	\$1.75	\$3.50	\$1.75
UTAH	\$3.50	\$1.75	\$3.50	\$1.75
VERMONT	\$3.50	\$1.75	\$3.50	\$1.75
VIRGINIA	\$3.50	\$1.75	\$1.75 OR \$3.50	\$.88 OR \$1.75
VIRGIN ISLANDS	\$3.50	NO	NO	-
WASHINGTON	\$3.50	\$1.75	VARIES BY CO	WILL VARY
WEST VIRGINIA	\$3.50	\$1.75	NO	-
WISCONSIN	\$3.50	\$1.75	VARIES BY CO	WILL VARY
WYOMING	\$3.50	\$1.75	\$3.50	\$1.75

- Massachusetts state funding will actually be \$6.00
- \*\* South Carolina - Bell South will provide \$3.50 in state matching funds, this will make them eligible for \$1.75 in federal funds
- Virginia will vary by companies participation in one of two lifeline programs
- \* Kansas - Until 3/1/98, Southwestern Bell will waive \$2.00; Sprint will waive \$1.43 and the remained of the companies will waive \$1.43. After 3/1/98 all companies will waive \$3.00, by 1/1/99, all will waive \$3.50.

# **UNIVERSAL SERVICE ADMINISTRATIVE COMPANY(USAC)**

## **LOW INCOME PROGRAMS ADMINISTRATION PROCESS DESCRIPTION**

### **OVERVIEW**

The FCC's May 7, 1997 Order expanded the availability of the Federal Low Income programs by requiring all carriers that are designated as eligible telecommunications carriers (ETC) to make these programs available to qualified low income individuals. In addition to requiring all ETCs to offer these programs to low income individuals, the FCC increased the funding available to offset recurring monthly charges to these customers and provided funding for incremental costs of establishing voluntary toll limitation services for these customers. While the Link-Up program funding levels were not increased, the Commission did modify the requirements for receipt of funding (customers are no longer limited in the number of times that they can avail themselves of this program if they change residences).

Previously, the Low Income programs were administered by NECA and their availability was limited to incumbent local exchange carriers. The Commission expanded the availability to all ETCs including eligible competitive local exchange carriers (CLECs) and designated USAC as the interim administrator.

USAC, following FCC rules and working in conjunction with the FCC, is responsible for developing a process for administration of these revised programs. Included herein is the proposed process for managing the administration of the revised Low Income programs.

### **PROCESS DESCRIPTION**

NECA's current process for administering the Lifeline and Link-Up programs requires the LECs having Lifeline programs to submit projections of expected participation on a semi-annual basis, carriers are paid based on those projections, then subsequently true-up to actual support amounts provided at some point within the ensuing 24 month period. Forecast data was collected via a semi-annual data collection and actual support amounts were reported as part of the NECA settlements reporting process.

Under the new and expanded programs, the NECA settlements process is no longer a viable vehicle to accomplish the task of collecting data for this purpose,

thus a new process must be developed. Using an approach similar to that which the FCC has developed for discounts provided to schools, libraries, and rural health care providers is being proposed. That is, having ETCs report actual discounts provided via a reporting vehicle (data collection form) on a regularly scheduled basis and receiving compensation for the actual discounts provided subsequent to their provision.

Under this approach, carriers would, for example, provide discounts to their low income-qualified customers in January 1998, report to USAC via the data collection form, in mid-February, the number of customers that they provided these discounts to and the amount of the discount provided. USAC would process this data and provide compensation for the January discounts to the ETC providers at the end of March. This process would repeat itself each month if the carrier chose to submit forms monthly. Carriers would be provided the option of submitting data either monthly, quarterly, semi-annually or annually.<sup>1</sup>

Because the process being proposed relies on actual reported data rather than projections, the time period for reporting final data no longer requires a twenty-four month period for true-up. A six month window of time subsequent to the last month of reported data should prove adequate time to account for any errors or omissions. For example, if a carrier chose to report once every three months rather than on a monthly basis, changes would be permitted for the entire quarter's reported data up until sixth months following the initial reporting of that data, e.g., for a carrier submitting on a quarterly basis, data for the first quarter 1998 would be first reported in April 1998 and could be adjusted until the October 1998 data submission.

As discussed above, support payments would be made to the carriers at the end of the month following the month in which the data collection form is submitted. For example, the March 1998 payment would reflect discounts provided in January 1998 that were reported during the February data submission. Initially, the data collection process would utilize paper, with ILECs submitting their forms to their NECA regional office for input into the USAC database (NECA region staff resources would serve a data entry function only on a charge-back basis to USAC, with USAC staff performing all analysis and follow-up activity on the data submitted). CLECs would submit their data directly to USAC for processing.

## **DOCUMENTATION REQUIREMENTS**

In addition to the reporting of low income subscriber support requirements on the data collection form, ETCs will be required to submit a copy of their individual or

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<sup>1</sup> This optionality is being provided in the event that some ETCs may not have sufficient numbers of low income customers to make monthly reporting cost effective. Rather than impose a rigid process that requires monthly reporting, carriers will be provided alternatives that best meet their individual circumstances.

the state's lifeline plan and a copy of the relevant tariff pages that detail the charges to qualified low income subscribers.<sup>2</sup> Carriers are also required to maintain a record of documentation and certifications completed by the low income subscribers that they meet the requirements of the program and will inform the carrier if they no longer qualify for low income assistance.<sup>3</sup>

### **AUDIT REQUIREMENTS**

Carriers are subject to audit by the administrator and/or the Commission and must maintain records in sufficient detail for either entity to verify that the compensation that it has received from the program matches the reduced charges that it has provided to its low income customer base. This documentation may for example take the form of customer billing records.

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<sup>2</sup> To the extent that a carrier is not required to file a local tariff with the state public utilities commission, a letter attesting to that fact and outlining charges to qualified low income subscribers may be substituted for the tariff pages. If the tariff pages provide sufficient detail as to the operation of the lifeline program, submission of the lifeline plan may not be required.

<sup>3</sup> This requirement is imposed by FCC rules and is not subject to waiver by the administrator.

# LOW INCOME FUND MONTHLY REPORTING WORKSHEET

USAC Id Number \_\_\_\_\_ (1) (2)

Serving Area \_\_\_\_\_ (3)

Submission Date: _____
Data Period: _____
Original _____ Revision _____
State Reporting _____

COMPANY NAME: \_\_\_\_\_ (4)

MAILING ADDRESS: \_\_\_\_\_

CONTACT NAME: \_\_\_\_\_

TELEPHONE NUMBER: \_\_\_\_\_

## Subscriber Line Charge Waiver

Number of Low Income Subscribers for whom SLC monthly charges waived \_\_\_\_\_ (5)

Monthly charges waived per subscriber \$ \_\_\_\_\_ (6)

Total Discounts claimed \$ \_\_\_\_\_ (7)

## Lifeline Connection Assistance (LCA)

Number of Connections waived \_\_\_\_\_ (8)

Total connection charges waived \_\_\_\_\_ (10)

Deferred interest \_\_\_\_\_ (11)

Charges Waived per connection \$ \_\_\_\_\_ (9)

Total LCA dollars waived \$ \_\_\_\_\_ (12)

## Toll Limitation Services

Incremental Cost of Providing T.L.S. \_\_\_\_\_ (13)

Number of Subscribers where TLS installed \_\_\_\_\_ (14)

Total TLS IC Claimed \$ \_\_\_\_\_ (15)

## Presubscribed Interexchange Carrier Charge (PICC)

Monthly Charge Per Line \$ \_\_\_\_\_ (16)

Number of Months being reported for this submission period \_\_\_\_\_ (18)

(If greater than 1, use average number of subscribers)

Number of Subscribers Per Month \_\_\_\_\_ (17)

Total Waived PICC Claimed \$ \_\_\_\_\_ (19)

## ETC PAYMENT (20)

Total SLC \$ \_\_\_\_\_ Total LCA \$ \_\_\_\_\_ Total TLS \$ \_\_\_\_\_ Total PICC \$ \_\_\_\_\_

TOTAL DOLLARS \$ \_\_\_\_\_ (Add Total SLC \$ + Total LCA \$ + Total TLS \$ + Total PICC \$)



## LOW INCOME FUND MONTHLY REPORTING WORKSHEET

### CERTIFICATION

Based on information known to me or provided to me by employees responsible for the preparation of the data being submitted, I hereby certify that the data has been examined and reviewed and is true, accurate and complete. I further acknowledge the Fund Administrator's authority to request additional supporting information as may be necessary. Certification must be signed by an officer or employee of the company.

\_\_\_\_\_  
DATE

\_\_\_\_\_  
OFFICER/EMPLOYEE SIGNATURE

\_\_\_\_\_  
OFFICER/EMPLOYEE TITLE

\_\_\_\_\_  
OFFICER/EMPLOYEE NAME

(Persons willfully making false statements in this data submission can be punished by fine or imprisonment under the provisions of the US Code, Title 18, Section 1001)

## LOW INCOME FUND MONTHLY REPORTING WORKSHEET

### Low Income Monthly Reporting Worksheet Instructions

- Line 1 USAC ID Number - If known, please enter your USAC ID number. If you have not yet received a number, after USAC assigns a number, you will be notified.
- Box 2 Submission Date - The date you are filling out the form.  
Data Period - The month(s) for which you are reporting data.  
Original - Is this the first time that this data has been submitted for this period?  
Revision - Your company has previously reported this information, but revision is being made to this data. Note that revisions are allowed only within 180 days of first submission.  
State Reporting - Please indicate in what state you are reporting activity.
- Line 3 Serving Area - Indicate in which serving area number you have provided service.
- Box 4 Company Name, Mailing Address - Indicate your company name and mailing address.  
Contact Name and Telephone Number - Person who should be contacted in the event we have additional questions.
- Subscriber Line Charge (SLC) Waiver:
- Line 5 Provide monthly number of Low Income Subscribers, for whom Subscriber Line Charges (SLC) are waived. Should be a numeric field.
- Line 6 Enter a \$ number for the month SLC charges waived per subscriber.
- Line 7 Enter a \$ number (should = Line 5 x Line 6 for Total Subscriber Line Charge (SLC) Waiver discounts claimed).
- Lifeline Connection Assistance (LCA):
- Line 8 Enter number of Lifeline connections waived (per reported month).  
Should be a numeric field.
- Line 9 Enter the \$ charge waived per connection. The reduction should be one-half of the telephone company's charge or \$30.00, whichever is less.
- Line 10 Enter a \$ number for the total connection charges waived (should = line 8 x Line 9).
- Line 11 Enter a \$ number for deferred interest. Eligible low-income consumers do not have to pay interest for charges assessed for starting service. Eligible carriers are relieved of the requirement to pay interest charges of up to \$200.00 that are deferred for a period not to exceed one year.
- Line 12 Enter a \$ number for Total Lifeline Connection Assistance (LCA) dollars waived.  
(should = Line 10 + Line 11).

## LOW INCOME FUND MONTHLY REPORTING WORKSHEET

### Toll Limitation Services:

- Line 13 Enter \$ number for incremental cost of providing T.L.S. These costs include the costs that carriers otherwise would not incur if they did not provide toll-limitation service to a given customer. Carriers will be compensated for their costs in providing such service.  
NOTE: This is not the full retail charge for toll-limitation services the carrier would charge other consumers.
- Line 14 Enter number of subscribers for whom T.L.S. was installed. Should be a numeric field.
- Line 15 Enter a \$ number for total T.L.S. Incremental Charge claimed (should = Line 13 x Line 14).

### Presubscribed Interexchange Carrier Charge (PICC):

- Line 16 Enter a \$ number for the monthly charge per primary residential line assessed against the PIC. If the customer does not select a PIC, the PICC will be assessed against the end user.
- Line 17 Enter number of subscribers per month. Should be a numeric field.
- Line 18 Enter number of months being reported for this submission. Should be a numeric field. (If greater than 1, use average number of subscribers per month in Line 17).
- Line 19 Enter \$ number of the total waived PICC claimed (should = Line 16 x Line 17).